

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2019-189-WS

IN RE: Application of JACABB Utilities, LLC to)	
Request to Establish Sewer Pass-Through)	
Rates for JACABB Utilities, LLC and)	
Approval of a Water System and Sanitary)	STIPULATION
Sewerage Asset Purchase Agreement with)	
Triangle Real Estate to Serve Rosewood at)	
Clemson Development)	

This Stipulation is made by and between the South Carolina Office of Regulatory Staff (“ORS”) and JACABB Utilities, LLC (“JACABB” or the “Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”).

WHEREAS, on July 5, 2019, the Company filed an Application to Establish Sewer Pass-Through Rates and for Approval of a Water System and Sanitary Sewerage Asset Purchase Agreement (the “Application”);

WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina (the “Commission”) pursuant to the procedure established in S.C. Code Ann. § 58-5-210 (Supp. 2018) and S.C. Code Regs. 103-704, 103-743, and 103-503 (2012), and the Parties to this Stipulation are the only parties of record in the above-captioned docket;

WHEREAS, JACABB is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in several counties in South Carolina, to include Pickens County;

WHEREAS, the Application seeks approval for a sewer pass-through rate and charge for sewer service and an expansion for water service to serve the Rosewood at Clemson Development (“Development”) owned by Triangle Real Estate (“Developer”) and located in Pickens County, ;

WHEREAS, the Application seeks approval of pass-through charges for billing the stormwater fees for the City of Clemson and for the monthly administrative fees;

WHEREAS, the Application seeks approval to disconnect water service for non-payment of any of the charges, including the pass-through charges;

WHEREAS, the Application seeks approval of the Asset Purchase Agreement entered into between Applicant and Developer dated June 25, 2019 and attached to the Application as Exhibit B;

WHEREAS, the proposed service area will include 142 sewer and 166 water residential customers;

WHEREAS, JACABB was granted a temporary waiver¹ of S.C. Code Ann. Regs. 103-512.4 and 103-712.4;

WHEREAS, water supply and sewer treatment services will be provided by the City of Clemson;

WHEREAS, ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (Supp. 2018);

WHEREAS, ORS conducted an examination of the books and records of the Company relative to the matters raised in the Application and has conducted a site visit;

WHEREAS, the Parties engaged in discussions to determine if a stipulation would be in their best interests and, in the case of ORS, in the public interest; and,

¹ See Order No. 2019-651.

WHEREAS, following those discussions, the Parties determined that their interests, and ORS determined that the public interest, would be best served by stipulating to an agreement regarding issues pending in the above-captioned case under the terms and conditions set forth herein;

A. OVERVIEW

1. JACABB specifically requests approval of the following in this Docket:
 - i. Approval of the Asset Purchase Agreement dated June 25, 2019, and attached to the Application as Exhibit B, between JACABB and Developer which, upon completion of the sewer system, transfers the ownership of the sewer system from Developer to JACABB;
 - ii. Approval of the proposed rates and charges and the sewer pass-through rates;
 - iii. Approval of the expansion of the water service and sewerage territory for JACABB to serve the Development;
 - iv. Approval of the pass-through serve charges and an administrative charge for the service of billing for the City of Clemson for Building 100;
 - v. Approval of the pass-through charges for billing stormwater fees for the City of Clemson and the monthly administrative billing fees; and
 - vi. Approval to disconnect water service for non-payment of the sewer pass-through charges and/or administrative charges.

Regarding the Asset Purchase Agreement, the Development's water distribution and sewer collection systems are currently under construction by Developer. The Asset Purchase Agreement, if approved by this Commission, transfers the ownership of the water distribution and sewer collection systems to serve the Development to JACABB. Under

the Asset Purchase Agreement, Developer agrees to pay for all taxes charged under the Federal Tax Cuts and Jobs Act, specifically Section 13312(b).

B. STIPULATION OF TESTIMONY AND WAIVER OF CROSS-EXAMINATION

2. The Parties agree to stipulate into the record before the Commission the pre-filed testimony and exhibits (collectively, the “Stipulated Testimony”) of the following witnesses without objection, change, amendment, or cross-examination with the exception of changes comparable to those that would be presented via an errata sheet or through a witness noting a correction consistent with this Stipulation. The Parties also reserve the right to engage in redirect examination of witnesses as necessary to respond to issues raised by the examination of their witnesses, if any, by the Commission or by any late-filed testimony.

JACABB witness:

1. Stephen R. Goldie

ORS witness:

1. Dawn M. Hipp

3. The Parties agree to offer no other evidence in the proceeding other than the stipulated testimony and exhibits and this Stipulation unless the additional evidence is to support the Stipulation, consists of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction or clarification, consists of a witness adopting the testimony of another if permitted by the Commission, or is responsive to issues raised by examination of the Parties’ witnesses by Commissioners or by late-filed testimony. The Parties agree that nothing herein will preclude each party from advancing its respective positions in the event that the Commission does not approve the Stipulation.

4. The Parties hereby stipulate to the following terms, which if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and terms and

conditions of sewer service which are adequate, just, reasonable, nondiscriminatory, and supported by the evidence of record of this proceeding.

C. STIPULATION TERMS AND CONDITIONS

5. The Parties stipulate and agree JACABB must keep and maintain its performance bonds in the amount of \$350,000 for sewer service and \$275,000 for water service, which are currently on file with the Commission;

6. The Parties stipulate and agree that JACABB will charge customers for water service according to its existing monthly rate schedule which was approved by the Commission in Order No. 2008-697, Exhibit 2;

7. The Parties stipulate and agree JACABB will charge each customer residing in Building 100 of the Development an Administrative Fee of \$3.00 per month plus the customer's pro-rata share of the City of Clemson sewer treatment charge.

8. The Parties stipulate and agree JACABB will charge each customer residing in Buildings 200 through 600 of the Development a basic facilities charge per single family equivalent and pass-through, on a pro-rata basis, the sewer treatment charges from the City of Clemson in accordance with the rates and charges outlined in Exhibit A to the Application;

9. The Parties stipulate and agree JACABB will charge all customers in the Development an administrative billing fee of \$1.50 per month plus the customer's pro-rata share for the collection and processing of stormwater flat fees from the City of Clemson.

10. The Parties stipulate and agree JACABB's proposed monthly rates and charges are just and reasonable;

11. The Parties stipulate and agree the terms set forth in JACABB's schedule for water and sewer service are just and reasonable;

12. The Company requests, and ORS does not object to, a waiver of S.C. Code Regs. 103-735 and 103-736, only to the extent necessary to provide JACABB the ability to disconnect water service for non-payment of sewer, stormwater, administrative fees, and/or sanitation services.

13. ORS does not object to the Asset Purchase Agreement.

14. The Parties stipulate and agree JACABB shall comply with S.C. Code Ann. Regs. 103-512.4 and 103-712.4 and file with the Commission the statement of the professional engineer that the system was built and installed according to plans and the final letter of approval from South Carolina Department of Health and Environmental Control ("DHEC").

15. The Parties stipulate and agree JACABB shall file a general rate case for all service areas no later than June 1, 2021 to allow for the benefits of the 2017 Tax Cuts and Jobs Act to be provided to customers.

D. OTHER STIPULATION TERMS AND CONDITIONS

16. The Parties agree that this Stipulation is reasonable, is in the public interest, and is in accordance with law and regulatory policy. This Stipulation in no way constitutes a waiver or acceptance of the position of either of the Parties in any future proceeding. This Stipulation does not establish any precedent with respect to the issues resolved herein and in no way precludes any Party herein from advocating an alternative position in any future proceeding.

17. The Parties agree to cooperate in good faith with one another in recommending and advocating to the Commission that this Stipulation be accepted and approved by the Commission in its entirety as a fair and reasonable resolution of certain issues currently pending in the above-captioned proceeding and detailed here-in, and to take no action inconsistent with its adoption by

the Commission. The Parties agree to use their best efforts to defend and support any Commission order issued approving this Stipulation and the terms and conditions contained herein.

18. The Parties agree that signing this Stipulation (a) will not constrain, inhibit, impair, or prejudice their arguments or positions held in future or collateral proceedings; (b) will not constitute a precedent or evidence of acceptable practice in future proceedings; and (c) will not limit the relief, rates, recovery, or rates of return that any Party may seek or advocate in any future proceeding. If the Commission declines to approve this Stipulation in its entirety, then any Party may withdraw from the Stipulation without penalty or obligation.

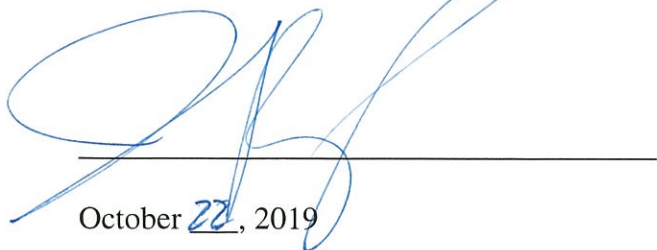
19. This Stipulation shall be interpreted according to South Carolina law.

20. The Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, either Party may withdraw from the Stipulation with written notice to the other Party.

21. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation, by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]

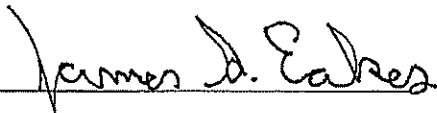
Representing the South Carolina Office of Regulatory Staff



October 22, 2019

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October 22, 2019

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